



Federal Accounting Standards Advisory Board

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May 4, 2006

Memorandum

To: Members of the Board

From: Julia E. Ranagan, Assistant Director

Through: Wendy M. Comes, Executive Director

Subject: Proposed Draft Exposure Draft of Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs*<sup>1</sup> – Tab E

I have attached a draft exposure draft (ED) of a technical bulletin as Attachment E3. Technical bulletins are staff documents that are released for public comment if a majority of members do not object. Briefly, the steps required to issue a technical bulletin are:

1. Provide members of the Board with a 15-day review period for draft EDs.
2. If a majority of members do not object to the issuance, release the ED electronically to members of the community for comment. Generally, this distribution includes the CFO Council, PCIE (Presidents Council on Integrity and Efficiency), relevant AICPA and AGA committees, CPA firms, and posting on the FASAB website.
3. Consider comments on the ED at a public meeting.
4. If a majority of members do not object, issue the final technical bulletin.

The timeframe for issuing the technical bulletin is included on the next page as Attachment E1, followed by the text of Technical Bulletin 2000-1, *Purpose and Scope of FASAB Technical Bulletins and Procedures for Issuance*, as Attachment E2. Technical Bulletin 2000-1 addresses the appropriate use of a technical bulletin. One basis for objecting to a staff's proposed technical bulletin can be that the issue should be addressed through a standard rather than a technical bulletin. Staff is proposing the use of a technical bulletin because (1) the material is covered broadly in existing standards, (2) the staff has received several requests for timely guidance on the specific subject matter, and (3) time does not permit adequate due process for other levels of guidance.

Thursday, June 1, 2006, will be the release date of this exposure draft absent six Board member objections. Editorial comments are always welcome. If you have any questions or comments, please contact me by phone at 202-512-7377 or by e-mail at [ranaganj@fasab.gov](mailto:ranaganj@fasab.gov).

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<sup>1</sup> The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations.

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**Technical Bulletin Timeline**

<b>Estimated Date</b>	<b>Required Time Period, if applicable</b>	<b>Step</b>
April 3 – April 28, 2006		Staff prepared draft technical bulletin.
May 5, 2006	15 days	Draft technical bulletin submitted to Board members for comment.
June 1 – June 30, 2006	15 – 30 days	If majority of members do not object to issuance of technical bulletin for comment, Executive Director would circulate technical bulletin to knowledgeable persons for comment.
July 14, 2006		The Board binders due for July meeting would include comment letters received.
July 26, 2006	Next public board meeting	All comments would be considered by the Board members at the next public meeting.
July 31 – August 11, 2006		Staff would update the draft technical bulletin based on comments received and submit revised draft to Board members via email.
August 14 – 25, 2006		No pre-balloting - Staff would request additional round of member comments before finalizing the staff document
N/A	N/A	No Balloting
September 1 – 22, 2006	15 Days	15-Day Board member review period of staff's final technical bulletin
September 25, 2006		If majority of members do not object to issuance, final technical bulletin would be released.

**Staff Note: Staff also considered the requirements of an Interpretation.**

An interpretation requires a 45-day OMB/GAO/Treasury Board members' review period. There would not be enough time to issue an interpretation in fiscal year 2006. Staff considers this issue to be time-sensitive, given the number of entities that are involved and the requests for guidance that have been received. In addition, staff believes that the guidance to be provided falls within the guidelines in numbers 4 and 5 of FASAB Technical Bulletin 2000-1; therefore, staff believes that it would not be necessary to issue an interpretation.

## **FASAB Technical Bulletin 2000-1**

### ***Purpose and Scope of FASAB Technical Bulletins and Procedures for Issuance***

1. On October 19, 1999, the Council of the American Institute of Certified Public Accountants (AICPA) adopted an amendment to Rule 203 of the AICPA's Code of Professional Ethics. This amendment recognized accounting standards published by the Federal Accounting Standards Advisory Board as generally accepted accounting principles (GAAP) for federal financial reporting entities. The amendment recognized FASAB as the source of GAAP for federal entities. Consequently, the Federal Accounting Standards Advisory Board has authorized its staff to prepare FASAB Technical Bulletins to provide timely guidance on certain financial accounting and reporting problems of federal financial reporting entities. This Bulletin describes the purpose and scope of FASAB Technical Bulletins, the procedures for issuing them, and related background information.
2. The FASAB anticipates that it will communicate primarily through the issuance of Statements and Interpretations. Such pronouncements may require extensive due process, including appointing task forces and holding public hearings. The FASAB also recognizes the need for providing timely guidance to financial statement preparers and attestors for both currently emerging and existing problems.
3. To provide timely guidance within the context of the standard FASAB procedures, Technical Bulletin procedures provide for both due process (more limited in scope and within a tighter minimum time frame than provided for Statements and Interpretations) and review by FASAB members.
4. FASAB Technical Bulletins provide guidance for applying FASAB Statements and Interpretations and resolving accounting issues not directly addressed by them. The following kinds of guidance may be provided in a Technical Bulletin:
  - a. Guidance to clarify, explain, or elaborate on an underlying Statement or Interpretation,
  - b. Guidance to address areas not directly covered by existing Statements or Interpretations,
  - c. Interim guidance on problems in applying an existing Statement or Interpretation currently under study by the FASAB, or
  - d. If applicable, guidance for applying FASB or GASB standards to federal activities.
5. The FASAB staff analyzes an accounting or reporting problem that comes to the FASAB's attention to determine whether the problem may be resolved by issuing a FASAB Technical Bulletin. Generally, a Technical Bulletin can provide guidance if the problem can be resolved within the following guidelines:
  - a. The guidance is not expected to cause a major change in accounting practice.
  - b. The administrative cost involved in implementing the guidance is not expected to be significant to most affected entities.
  - c. The guidance does not conflict with a broad fundamental principle or create a novel accounting practice.

Generally, a FASAB Statement or Interpretation is more appropriate than a Technical Bulletin if any of these guidelines is not met.

6. FASAB members will be provided with copies of all draft Technical Bulletins before their release for comment by interested parties. Within 15 days of sending the draft TB to FASAB members, the Executive Director will review any member comments and consult with members on any issues identified. Based on the comments and consultation, the Executive Director will determine if a majority of members do not object to the proposed Technical Bulletin.
7. If a majority of the FASAB members do not object, the Executive Director will release the proposed Technical Bulletin to selected knowledgeable persons for comment. Those persons include members of the CFO Council, the President's Council on Integrity and Efficiency, the Joint Financial Management Improvement Program, CPA firms, and others the Executive Director and members of FASAB believe should be consulted. Proposed Bulletins will be publicized by electronic communication with interested parties and by posting to FASAB's World Wide Web site during an exposure period of at least 15 days.<sup>1</sup> The FASAB will maintain a public record of proposed Bulletins and all written comments received. The public record will be available for inspection at the FASAB's offices.
8. All comments received on draft Technical Bulletins will be given to the Board for its consideration at a public meeting before final issuance. A Bulletin will not be issued if a majority of the FASAB members object either to the guidance in it or to communicating that guidance in a Technical Bulletin.
9. The FASAB may support use of a Technical Bulletin because the nature of the accounting issue addressed and the guidance provided do not, in its judgment, warrant more extensive due process. If the appropriateness of issuing a Technical Bulletin is in doubt, the FASAB may choose instead to issue a Statement or Interpretation or take other action as it deems appropriate.
10. Each Technical Bulletin will specify an effective date and transition provisions for initial application. While the FASAB expects that most Technical Bulletins will be applied prospectively, Technical Bulletins may require retroactive application if appropriate in the circumstances.
11. The FASAB monitors the procedures for issuing FASAB Technical Bulletins and may modify these procedures from time to time. Any modification will be announced publicly.
12. FASAB Technical Bulletins are generally in question-and-answer format and are published with this legend:

The Federal Accounting Standards Advisory Board has authorized its staff to prepare FASAB Technical Bulletins to provide timely guidance on certain financial accounting and reporting problems, in accordance with section III. I. 5 of the Board's rules of procedure, as amended and restated through October 1, 1999 and the procedures described in FASAB Technical Bulletin 2000-1, Purpose and Scope of FASAB Technical Bulletins and Procedures for Issuance. The provisions of Technical Bulletins need not be applied to immaterial items.

The FASAB has reviewed this Technical Bulletin and a majority of its members do not object to its issuance.

<sup>1</sup> Determination of the length of the exposure period will depend on the nature and urgency of the issue. The Board generally prefers that exposure periods be longer than the minimum required and expects that normally exposure periods will be for at least 30 days.



Federal Accounting Standards Advisory Board

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**NOTE: THIS FILE CONTAINS ONLY THE FIRST PAGE OF THE DRAFT EXPOSURE DRAFT THAT THE BOARD WILL REVIEW AT THE MAY 24, 2006, MEETING. DRAFT EXPOSURE DOCUMENTS ARE NOT POSTED TO THE FASAB'S WEB SITE.**

**RECOGNITION AND MEASUREMENT OF  
ASBESTOS-RELATED CLEANUP COSTS**

*Technical Bulletin 2006-1*

**DRAFT EXPOSURE DRAFT**

*Written comments are requested by June XX, 2006*

May XX, 2006

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